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ABSTRACT

This article analyzes the outcomes of the implementation of California's Proposition 98, the "Classroom Instructional Accountability and Improvement Act of 1988." The Act was meant to guarantee a minimum level of funding for the state's K-12 schools and community colleges. The latest data, however, reveal that Prop 98 has under-funded California community colleges by $2.7 billion over the last 10 years. With the passage of Proposition 13, local tax funding for K-12 schools dried up, so money intended for community colleges has been shifted to the K-12 area through a yearly legislative suspension of the code that requires that 10.93% of Prop 98 funding go to community colleges. This approach creates a combative relationship between the two school systems in the budget planning process. This report compares California's state funding of community colleges to that of other states: Maine's, at number one in the nation, spends $13,292 per FTE student, the national average is $6,300, and California, at number 41, spends $4,017 per FTE student. The state's community colleges operate at about 65% of the funding of California's K-12. The California State universities are funded at $10,822 per FTE student, while the University of California is funded at $25,554 per FTE student. Offers suggestions for solutions. (NB)

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Proposition 98 & California Community Colleges: *A History of Broken Promises*

The Colleges of Contra Costa

pathways to success

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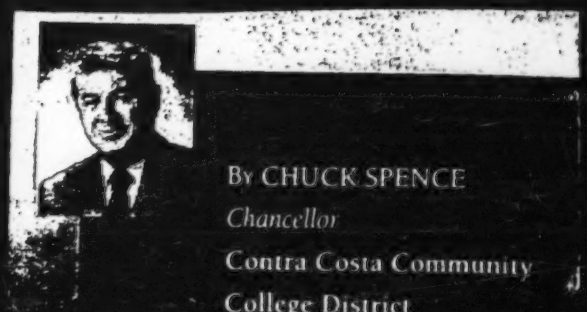

By CHUCK SPENCE
Chancellor
Contra Costa Community College District

Spring 2002

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"Among the most important public assets in Contra Costa County is its community college district." – *Contra Costa Times*

"California's 108 community colleges are higher education's workhorses. They educate twice as many recent high school graduates as the University of California and Cal State systems combined." – *San Jose Mercury News*

"Most community colleges are already operating at maximum capacity and had to get creative just to accommodate the thousands of extra students who showed up for class this fall. Their mission – to provide a college education on demand for every California resident and to provide the training that Californians need to compete in the modern workplace – is important to California's economic recovery and future economic growth." – *Sacramento Bee*

"Community colleges are the state's best, least expensive hope for educating Californians and meeting future labor needs." – *Los Angeles Times*

"California's community colleges make up the largest system of higher education in the world. They provide affordable classes to 1.6 million students, employ 72,000 people and pump $3 billion into the state economy each year. They deserve to be taken seriously in Sacramento." – *San Diego Union-Tribune*

"The community colleges must be treated on the same level as the University of California and California State University systems." – *Fresno Bee*

"This state could not function without the community colleges, and the community colleges will not be able to function for long if they continue to be victims of budget cuts." – *Modesto Bee*

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Call It the Story of Broken Promises — The Story of Proposition 98 Is One of Good Intentions Gone Very Bad.

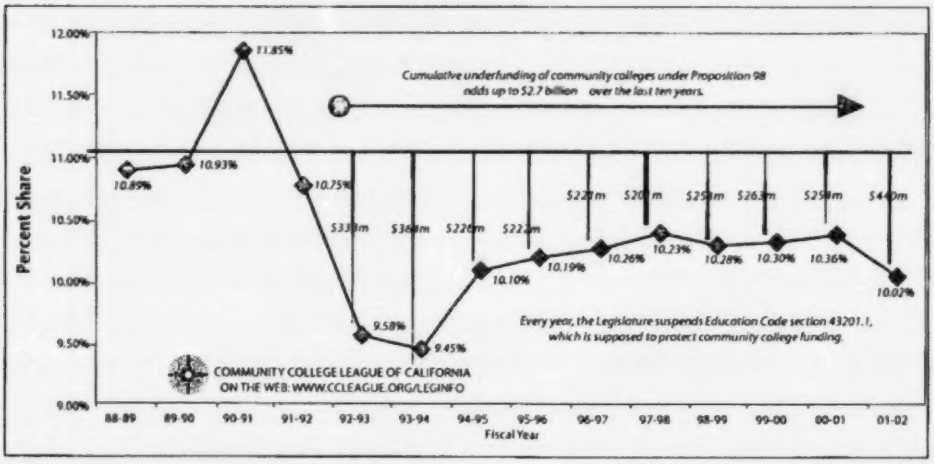
Proposition 98, the "Classroom Instructional Accountability and Improvement Act of 1988," was meant to guarantee a minimum level of funding for the state's K-12 schools and community colleges.

It is a complicated piece of legislation based on changes in enrollment, per capita personal income and projections of state tax revenues – everything the average voter has a hard time understanding.

The bottom line, as far as California's 108 community colleges are concerned, is a lot easier to understand: Proposition 98 has not worked out as intended.

Defining the Problem

The latest data reveals a startling piece of information: Proposition 98, the measure that was supposed to bring sorely needed financial aid to California community colleges, has under-funded them by a whopping $2.7 billion over the last 10 years! Except for the 1990-91 fiscal year, community colleges have suffered funding shortages ranging between $201 to $440 million in any one year during the last 10 years.



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Each year, the Legislature suspends Education Code 43201.1, which was written to guarantee community colleges 10.93 percent of all Proposition 98 funds. The reason for the suspension? With the passage of Proposition 13, local tax funding for K-12 schools dried up, and money intended for community colleges has been shifted to the K-12 area. This approach unfortunately pits two important educational systems – K-12 and community colleges – against each other in the budget planning process. Such a combative system of funding only hinders the ability of both systems to fulfill their mission to strengthen the social and economic fabric of the state.

Community Colleges: Representing a Broad-Based Constituency

California's community colleges represent the most readily available pathway to success by building on California's rich identity as a center of hope and opportunity. Each year, our 108 colleges serve about 1.6 million students from all walks of life, making our fall enrollment three times the combined enrollment of the University of California system and the California State University. In short, California's community colleges serve 70 percent of all students pursuing public higher education in California.

Community college enrollments are also marked by important ethnic diversity. For example, in the Los Angeles Community College District, four times as many African-American students and 2.7 times as many Hispanic students are served than all of the University of California campuses combined. In the fall of 1999, 27,286 African-American students were enrolled in a UC or CSU school, while 102, 598 were enrolled in a California community college.

Our services are far-reaching and comprehensive, as illustrated by the following examples:

Accessibility: All it takes is a desire to work hard and succeed – and we'll accept you. In short, California's community colleges have an open-door policy for anyone willing to make the effort.

Transfer: You can prepare for transfer to a four-year college or university by spending about two years in a community college — in small classes with personal attention from instructors whose main function is teaching — to fulfill your undergraduate baccalaureate requirements. We are the route of choice to the University of California and the California State University for 60 percent of

graduates receiving BA degrees. In our expanding transfer role, we actually double the baccalaureate degree-granting capabilities of the UC and CSU systems, thus allowing them to concentrate on upper division work. It is commonly recognized that our transfer students are well-prepared and highly competitive once they get into a four-year college or university.

California at Work: Workforce education, job training, staying competitive – these are the hallmarks of community college partnerships with the private sector. Our colleges play a major role in helping California at work. With our adaptability and flexibility, California's community colleges also play an important role in short-term training, especially for "welfare-to-work" individuals trying to enter the workforce. At the opposite end of the spectrum, an estimated 12 percent of community college students who already possess a bachelor's degree return to community college for additional training. We are the state's largest workforce provider, offering a world of exciting degree and certificate programs in occupational areas that help the economy move in good times...and bad. From landscape design to fire science, from computer science to nursing, from teacher training to auto mechanics, California's community colleges represent access and equity to millions of people seeking personal improvement.

Economic downturns often bring us thousands of unemployed workers seeking new skills. At the present time, 80 percent of all community college students are already in the workforce – with most seeking higher-skilled positions. We must not repeat the mistake of the recession of the early 1990's, when funding reductions imposed on the community colleges forced reductions in annual statewide enrollments by 180,000. The best way to re-charge a slumping economy and support a skilled workforce is by maintaining a strong investment in our community colleges.

Literacy: To the many thousands who lack the skills for success, we provide basic literacy tools for those crucial first steps to self-sufficiency. With our small classes and proven track record to work individually with students, our remedial education programs offer an avenue for successful learning. This vital community college service is the key to the nation's economic and social health, and we must do everything we can to ensure that it continues to help the many new students arriving on our doorstep.

Serving a Diverse Population: California's community colleges mirror the changing face of the state, where a student body diverse in age, ethnic and socio-economic identities comes together in a family of learning.

As the Policy Information Center of the Educational Testing Service (ETS) has pointed out, compared to students in four-year institutions, students who begin in community colleges are older and more racially- and ethically-diverse. Our system serves the largest percentage of minority students of any branch of higher education in the state. Minority enrollment in urban community colleges often exceeds 50 percent nationally. Moreover, according to ETS, students attending community colleges are "less likely than their counterparts at four-year schools to be dependent on their parents for support, as determined by federal aid definitions." These same community college students "were more likely to have family incomes below $25,000 a year than dependent students entering four-year private schools."

As we plan for the continued baby boomer explosion, which is not expected to peak until 2015, the largest growth area for California's community colleges is expected to come from racial and ethnic minorities, with growth rates for African-American students pegged at 23 percent and for Asian-American and Hispanic new undergraduates, 50 percent and 73 percent, respectively, over 1995 levels.

It is time, I believe, for California's political leaders to ask themselves if they are truly prepared to spread the wealth and enable a more representative slice of our society to climb up the social and economic ladders. In its landmark study of the California community colleges in the year 2000, the state's Little Hoover Commission, noted: "To encourage and enable our community colleges to live up to their potential, the State needs to provide financial incentives to colleges to design and deliver high quality programs."

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Ranking the Community Colleges by Funding

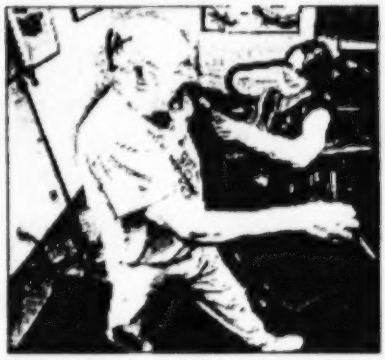
Despite our pivotal role in the lives of so many students, California's community colleges find themselves about $2,300 below the national funding average compared to other states. In fact, the Education Commission of the States, a non-partisan group, ranked California's community college funding per student as 41st out of 44 states with similar systems.

Average Expenditure Per Full-Time Equivalent Student

1	Maine	$13,292	23	Tennessee	$5,560
2	Wisconsin	$10,475	24	Nebraska	$5,503
3	Delaware	$10,441	25	Colorado	$5,474
4	Connecticut	$9,685	26	Maryland	$5,473
5	New York	$9,383	27	Wyoming	$5,378
6	Alabama	$9,253	28	New Mexico	$5,347
7	Michigan	$9,055	29	Indiana	$5,287
8	Massachusetts	$8,081	30	Utah	$5,120
9	Illinois	$7,774	31	Montana	$5,045
10	Louisiana	$7,712	32	Arizona	$5,018
11	South Carolina	$7,578	33	West Virginia	$5,002
12	Missouri	$7,497	34	Pennsylvania	$4,813
13	Georgia	$6,571	35	Florida	$4,810
14	Minnesota	$6,536	36	Virginia	$4,762
15	Ohio	$6,434	37	Mississippi	$4,752
National Average		**$6,300**	38	North Carolina	$4,748
16	Arkansas	$6,272	39	Oregon	$4,525
17	Rhode Island	$6,202	40	New Hampshire	$4,500
18	Alaska	$6,057	**41**	**California**	**$4,017**
19	North Dakota	$5,995	42	Vermont	$3,869
20	Nevada	$5,796	43	Washington	$3,863
21	Oklahoma	$5,725	44	Hawaii	$2,902
22	New Jersey	$5,614			

**Source: Education Commission of the States, "State Funding for Community Colleges: A 50-State Survey," November 2000.*

And when we look at how community colleges compare with the state's K-12 system, we can see that there was a time when the colleges fared better than they do today. During the 1960's and the 1970's, community college funding per full-time student was within about $100 of the average funding for K-12 students. But with the passage of Proposition 13, we began a downward spiral, and today, the state's community colleges operate at about 65 percent of the funding per student of K-12 schools — $4,017 per student. And remember that almost 50 percent of our students statewide get fee waivers because they fall below the poverty level.



Funding comparisons between community colleges and the UC and CSU systems also reveal a marked disparity, even though we serve a much more diverse student body with greater needs. Since 1977-78, funding per CSU student has increased by about $7,700 – from $3,111 to $10,822. Funding per UC student has increased by over $18,400 – from $7,129 to $25,554. Yet during this same period, funding per community college student went up only $3,100 – from $1,533 to $4,017.

Comparison of revenue per full-time students between UC, CSU, community colleges and K-12 from 1996 to the present:

ALL REVENUES PER FULL-TIME STUDENTS

YEAR	UC	CSU	CC	K-12
1996-97	$18,925	$9,412	$3,827	$5,387
1997-98	$19,624	$9,502	$4,088	$5,533
1998-99	$21,505	$10,078	$4,168	$5,904
1999-00	$22,271	$10,193	$4,437	$6,558
2000-01	$25,554	$10,822	$4,017	$7,080

Recent state budget cutting significantly reduced funding for community college maintenance, repairs, instructional equipment and library materials. In the Contra Costa Community College District, much of our own $60-million backlog of scheduled maintenance cannot be funded, along with a major portion of our instructional and library supplies.

What Can We Do?

What can the California community college system do to create a healthy funding system to meet our needs? The first part of the answer is to realize that the public already understands and supports us. In a recent statewide survey by the Community College League of California, 80 percent of the respondents understood that the system has a need for increased funding. Moreover, 53 percent of those questioned strongly disagreed with the Governor's recent budget cuts.

Possible Solutions

As we look at possible new funding sources to meet our burgeoning needs, a number of answers come to light.

1. Create New, Designated Revenue Streams: This option, modeled after the Florida system, would help our colleges make up the shortfall by creating trust funds. In Florida, this revenue source supports categorical expenditures — funding for specific, designated programs — earmarked as high-priority by the legislature. One interest area might be high-tech programs, which rank among the most popular with community college students today.

2. A Statewide Referendum: Another option is a statewide referendum on community college financing, which would peg funding at the national average. To be successful, the colleges would need to mount a major public information campaign to reinforce the average citizen's understanding of community college funding. There is, of course, historical precedent for calling upon the voters for new support. In 1959, shortly after Governor Pat Brown took office, the state faced a major revenue shortfall. Rather than rob existing state funds, Governor Brown proposed a variety of tax increases to improve schools, mental hospitals, courts, prisons and a new water program — all to meet explosive growth.

3. Sue the State: When funding has been inadequate, the state's K-12 school districts have sought relief in the courts. While it may seem out of character for a community college system unused to ruffling feathers, this could be just the sort of attention-getter needed, just as the recent statewide newspaper editorial campaign, fueled by community college public information efforts, made the public aware of the budget squeeze.

4. Create Program-Appropriate Funding Levels: This novel approach would say: If you want this new program, here's what it will cost. Many of our programs are needed to produce the well-trained workforce required to manage California's growing economy, but public sector funding has not always kept pace with private sector needs. It may be time for us to say, "If the state doesn't pay for this program, the program doesn't run." Nursing programs, for example, usually cost our institution $8-10,000 more PER STUDENT than the state provides in income.

5. Student Fee Increase: Our student fees are among the lowest in the nation — just $11 a unit. When measured by an average 3-unit course, that comes to $33 — an incredible bargain by today's standards. On a statewide basis, community colleges receive a relatively small portion of their funding from these fees — about $160 million out of a total of $6 billion collected from all community college revenues. Raising the fees would not be popular, however. According to a recent study carried out for the California community colleges, 62 percent of respondents said that they did not support a fee increase, even though 68 percent gave a positive rating to their local community college — the highest rating compared to ratings for the Governor, the State Legislature, the University of California and the California State University.

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Conclusion

It is time for the state to open a new chapter in its relationship with community colleges by recognizing that we can no longer be asked to do more with less.

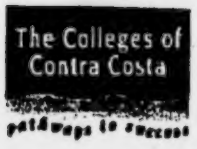
Proposition 98 has been a major disappointment, undercutting revenue by $2.7 billion over the last 10 years. Except for the 1990-91 fiscal year, California's community colleges have suffered funding shortages of between $201 to $440 million each year during this time.

Moreover, the shortfall has taken place as community college enrollment has continued to grow. In the fall of 2001, the state's 108 community colleges enrolled 1.6 million students, making it the largest postsecondary education system in the world. With their important training programs, the colleges empower individuals to compete successfully in the modern workplace – a necessary stimulus for California's economic health and vitality.

Our colleges need new funding sources to achieve equity with the K-12, CSU and UC systems. As I have pointed out, the community colleges serve a much more diverse student body with greater remedial needs than our sister higher education systems. Yet, the system's base funding mechanism is so weak that the colleges cannot keep pace with significant repair needs for facilities or the new growth in student enrollment.

America's community colleges, deeply rooted in the nation's democratic spirit, create new horizons for success, educating the largest number of postsecondary students of all systems. On a national basis, about 45 percent of all first-time college students and 49 percent of minority college students attend a community college. And 51 percent of our students are first-generation.

As the Contra Costa Times pointed out in a recent editorial, "there is no academic institution anywhere that can compare to this state's community college system in scope of resources and opportunities. Yet too often the system is shortchanged in Sacramento." We must seize the moment and recognize that educational health will only come through financial health.



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